

bank. Upon approval of such application, the Federal Reserve Bank will cancel such stock as of the date the merger or consolidation takes effect, and will adjust accounts by applying to any indebtedness of the merging or consolidating bank to such Federal Reserve Bank all cash paid subscriptions made on the stock canceled plus one-half of one percent a month from the period of the last dividend, not to exceed the book value thereof, and the remainder, if any, will be paid to the merged or consolidated bank.

§ 209.6 Conversion of national bank.

Whenever a national bank converts into a nonmember State bank, an application on Form FR 86b shall be filed with the Federal Reserve Bank for cancellation of Federal Reserve Bank stock held by the national bank. Upon approval of such application, the Federal Reserve Bank will cancel such stock as of the date the conversion takes effect, and will adjust accounts in the manner described in § 209.5(b).

§ 209.7 Insolvency.

Whenever a member bank is declared insolvent and a receiver⁸ appointed, the receiver shall, within three months from the date of his appointment, file with the Federal Reserve Bank of the district an application on Form FR 87 for cancellation of Federal Reserve Bank stock held by the insolvent member bank. If the receiver fails to make application within the time specified, the board of directors of the Federal Reserve Bank will either issue an order to cancel such stock, or, if the circumstances warrant it, grant the receiver additional time in which to file an application. Upon approval of such application or upon issuance of such order, the Federal Reserve Bank will cancel such stock as of the date of such approval or order and will adjust accounts in the manner described in § 209.5(b).

⁸ The term *receiver* includes any person, commission, or other agency charged by law with the duty of winding up the affairs of the bank.

§ 209.8 Voluntary liquidation.

Whenever a member bank goes into voluntary liquidation, as, for example, upon sale of assets to another bank, the liquidating agent or some other person or persons duly authorized by the stockholders or board of directors to act on behalf of the bank shall, within three months from the date of the vote to place the bank in voluntary liquidation, file with the Federal Reserve Bank of the district an application on Form FR 86 for cancellation of Federal Reserve Bank stock held by the liquidating member bank. If such application is not filed within the time specified, the board of directors of the Federal Reserve Bank will either issue an order to cancel such stock, or, if the circumstances warrant it, grant additional time in which to file an application. Upon approval of such application, or upon issuance of such order, the Federal Reserve Bank will cancel such stock as of the date of such approval or order and will adjust accounts between the liquidating member bank and the Federal Reserve Bank in the manner described in § 209.5(b).

§ 209.9 Other closed national banks.

(a) Whenever a national bank which has not gone into liquidation as provided in section 5220 of the Revised Statutes of the United States (12 U.S.C. 181), and for which a receiver has not been appointed, discontinues its banking operations for a period of sixty days, the Federal Reserve Bank will report the facts to the Comptroller of the Currency with a statement of reasons why a receiver should be appointed for the national bank. If such receiver is appointed, the procedure prescribed in § 209.7 for cancellation of Federal Reserve Bank stock held by the national bank shall be followed.

(b) Whenever a national bank has been placed in the hands of a conservator, the procedure prescribed in § 209.7 for cancellation of Federal Reserve Bank stock held by such bank shall be followed; provided a certificate is furnished by the Comptroller of the Currency to the effect that the conservator has been authorized to apply for cancellation of Federal Reserve Bank

stock, and that the bank is to be liquidated and is not to be permitted to resume business or to reorganize.

§ 209.10 Other closed State member banks.

Whenever a State member bank ceases to exercise banking functions without being placed in liquidation in accordance with the laws of the State in which it is located and without a receiver⁹ appointed for it, and such bank has not within sixty days of the cessation of banking functions applied for withdrawal from membership in the Federal Reserve System as provided in part 208 of this chapter (Regulation H), the Federal Reserve Bank of the district in which such State member bank is located will furnish the Board of Governors of the Federal Reserve System with full information with reference to the facts involved in the case and with a definite recommendation as to whether the Board should require the State member bank to surrender its Federal Reserve Bank stock and terminate all rights and privileges of membership in the Federal Reserve System. Upon receipt of this advice, if termination of membership of the State member bank appears desirable, the Board will give the member bank notice of the date upon which a hearing will be held to determine whether its membership should be terminated. If, after such hearing, the membership of a State bank is terminated, the Board will direct the Federal Reserve Bank of the Federal Reserve district in which the member bank is located to cancel the Federal Reserve Bank stock as of the date of termination of membership and adjust accounts in the manner described in § 209.5(b).

§ 209.11 Voluntary withdrawal from membership.

Any State member bank desiring to withdraw from membership in the Federal Reserve System shall follow the procedure set forth in part 208 of this chapter (Regulation H), and when all applicable requirements of § 208.10 of

this chapter have been complied with the Federal Reserve Bank will cancel the Federal Reserve Bank stock held by the member bank as of the date of withdrawal from membership and will adjust accounts in the manner described in § 209.5(b).

§ 209.12 Involuntary termination of membership.

Any State member bank whose membership has been terminated for failure to comply with the provisions of the Federal Reserve Act or regulations of the Board of Governors of the Federal Reserve System shall surrender its Federal Reserve Bank stock as of the date membership is terminated and accounts will be adjusted in the manner described in § 209.5(b).

§ 209.13 Cancellation of old and issue of new stock certificate.

(a) Whenever a member bank changes its name it shall surrender to the Federal Reserve Bank the certificate of Federal Reserve Bank stock which was issued to it under its old name. If the Federal Reserve Bank has or is furnished with proof of the change of name, it will cancel the certificate so surrendered and will issue in lieu thereof to and in the name of the member bank surrendering it a new certificate for the number of shares represented by the certificate so surrendered.

(b) If a member bank has filed application for an increase or decrease in its holdings of Federal Reserve Bank stock pursuant to the provisions of § 209.3, or has acquired the Federal Reserve Bank stock from another Bank by virtue of a merger or consolidation of the kind described in § 209.5(a), it shall surrender the stock certificate previously issued to it and the certificate representing any stock so acquired, and the Federal Reserve Bank will issue a new certificate for the number of shares represented by the surrendered certificate or certificates decreased by the number of shares canceled or increased by the number of additional shares to be issued.

(c) In order to provide a convenient means for identifying shares of Federal Reserve Bank stock purchased and paid for prior to March 28, 1942, as to which

⁹ The term *receiver* includes any person, commission, or other agency charged by law with the duty of winding up the affairs of the bank.